

## Message Text

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PAGE 01 MOSCOW 04108 01 OF 04 271411Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 SAJ-01 L-02 H-02

TRSE-00 EB-07 CIAE-00 INR-07 NSAE-00 OES-03 CIEP-01

SCA-01 CPR-01 PPT-01 VO-03 /064 W

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E.O. 11652: N/A

TAGS: BGEN EEWT ETRD US UR

SUBJECT: ISSUES FOR JOINT COMMERCIAL COMMISSION MEETING--BUSINESS  
FACILITATION IN MOSCOW

REF: A) MOSCOW 6973, 5/10/74; B) STATE 163993, 8/17/73

1. SUMMARY: IN PREPARATION FOR APRIL 10-11 MEETING OF  
US-USSR JOINT COMMERCIAL COMMISSION, EMBASSY HAS UPDATED OUR  
REPORT (REF A) ON U.S. BUSINESS FACILITIES IN MOSCOW PREPARED  
FOR MAY 1974 MEETING. IN PREPARING CURRENT REPORT, FORMAT  
(REF B) USED PREVIOUS MESSAGES HAS BEEN FOLLOWED.

2. AS GENERAL RULE, WE FIND THAT CONDITIONS HAVE NOT CHANGED  
SUBSTANTIALY SINCE MAY 1974. THERE HAS BEEN SOME IMPROVEMENT  
IN SITUATION REGARDING BUSINESS OFFICES AND PRACTICALLY NONE  
IN AREA OF APARTMENTS. MULTIPLE-ENTRY VISA SITUATION REMAINS  
MAJOR PROBLEM, AS DOES CUSTOMS TREATMENT ACCORDED U.S. FIRMS.

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PAGE 02 MOSCOW 04108 01 OF 04 271411Z

SEPARATE MESSAGES OUTLINING POSITION WHICH EMBASSY BELIEVES

U.S. SIDE SHOULD CONSIDER ADOPTING ON EACH OF THESE ISSUES ARE UNDER PREPARATION. FOLLOWING DETAILED MATERIAL COLLECTED FROM REPRESENTATIVES OF ALL BUSINESS OFFICES EXCEPT DOW AND CATERPILLAR (BOTH ABSENT) PRESENTED FOR BACKGROUND PURPOSES. END SUMMARY.

3. CHASE MANHATTAN BANK (ALFRED WENTWORTH) - CHASE BANK REP ADVISED THAT HE HAD NO CHANGES TO REPORT FROM SITUATION PRESENTED REF A AND NO PARTICULAR PROBLEMS ON WHICH CHASE WOULD APPRECIATE INTERVENTION BY U.S. SIDE.

4. FIRST NATIONAL CITY BANK (VICTOR BRUNST) - CITIBANK REP SAID SITUATION REMAINED AS REPORTED PARA 9 REF A AND THAT HE HAD NO POINTS WHICH HE WISHES TO HAVE RAISED AT MEETING.

5. BANK OF AMERICA (JOHN FITZGERALD, IN ABSENCE ALEXANDER YANKOVICH) - BOFA'S POSITION REMAINS ESSENTIALLY AS REPORTED PARA 8 REF A. THUS FAR, BOFA HAS NOT RECEIVED APARTMENTS FROM UPDK, AND THIS REMAINS ITS MAJOR COMPLAINT. YANKOVICH UNDERSTANDS THAT BOFA IS TO BE GIVEN HIGH PRIORITY IN ALLOCATION OF SPACE IN NEXT UPDK APARTMENT BUILDING (DERPUKHOVSKIY VAL), BUT ON AVAILABILITY OF SPACE REMAINS IN QUESTION.

6. ARTHUR ANDERSEN (GEORGE KAISER) -  
A) ARTHUR ANDERSEN'S ACCREDITATION IS WITH STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY. KAISER DOES NOT BELIEVE HE HAS HAD ANY EXCEPTIONAL PROBLEMS IN CONTACTING OTHER SOVIET ORGANIZATIONS, WITH HELP OF STATE COMMITTEE, WHEN JUSTIFICATION CAN BE SHOWN.  
B) COMPANY HAS BEEN PROMISED OFFICES IN EXCELLENT BUILDING JUST OFF GORKIY STREET (PEREULOK SADOVSKIY). HOWEVER, THERE HAS BEEN NO MOVEMENT SINCE SPACE WAS PROMISED IN AUGUST 1974 DUE TO PROBLEMS IN RELOCATING CURRENT SOVIET RESIDENTS OF THIS BUILDING. WHEN FINALLY OBTAINED, SPACE (300 SQUARE METERS) WILL BE EXCELLENT. AT PRESENT, COMPANY OCCUPIES SPACE IN HOTEL LENINGRADSKAYA, WHICH IS INADEQUATE BY ANY STANDARD EXCEPT THAT OF MOSCOW. AS IN CASE FOR ALL COMPANIES STILL IN HOTELS, RENTS ARE VERY HIGH. OFFICE STAFF SUPPLIED BY UPDK WAS COMPLETELY INADEQUATE AT OUTSET. AFTER NINE MONTHS OF ON-THE-JOB TRAINING, PERFORMANCE HAS IMPROVED SOMEWHAT. FOREIGN COMPETITORS, IF ANY, ARE IN SAME BOAT.  
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PAGE 03 MOSCOW 04108 01 OF 04 271411Z

C) COMPANY HAS BEEN PROMISED HOUSING IN SERPUKHOVSKIY VAL BUILDING. UNTIL VERY RECENTLY, UPDK WAS UNFORTHCOMING IN GIVING SOME INDICATION OF WHAT SORT OF SPACE COMPANY WILL RECEIVE, WHICH HAS COMPLICATED EFFORTS TO PLAN AHEAD BY ORDERING FURNITURE, ETC.

D) KAISER JUST APPLIED FOR MULTIPLE-ENTRY VISA AND WAS PROMISED SPEEDY ACTION.

E) NOT APPLICABLE.

F) KAISER URGED THAT US SIDE RAISE QUESTION OF SOVIET CUSTOMS REGULATIONS (SEE SEPTTEL). HE ALSO NOTED LACK OF CLARITY ON QUESTION OF WHETHER SOVIET REGULATIONS ALLOWED PARTIAL PAYMENT OF LOCAL EMPLOYEES ENGAGED THROUGH UPDK IN FORM OF SO-CALLED "SERIES D" CHECKS USABLE AT HARD-CURRENCY STORES. IN EMBASSY'S EXPERIENCE, PRACTICES OF FOREIGN COMPANIES IN THIS AREA VARY CONSIDERABLY, AND UPDK SEEMS UNCERTAIN HOW TO PROCEED. AS INDICATED BY FACT THAT IT CURRENTLY HAS TWO EMPLOYMENT CONTRACTS FOR USE BY FOREIGN COMPANIES, ONE OF WHICH FORBIDS ANY USE OF "SERIES D" CHECKS AND OTHER WHICH PERMITS IT. AFTER SOME DISCUSSION, COMATT AND KAISER AGREED THAT WE WOULD BE ILL-ADVISED TO PUSH SOVIETS TO TAKE FORMAL DECISION ON THIS MATTER SINCE THEY WOULD ALMOST CERTAINLY FEEL OBLIGED TO REJECT ANY USE OF "SERIES D" COUPONS BY SOVIET EMPLOYEES OF FOREIGN BUSINESS OFFICES, WHICH WOULD BE UNDESIRABLE.

7. US-USSR TRADE AND ECONOMIC COUNCIL (JOHN CONNOR) - COUNCIL HAS BEEN ACCORDED EXCEPTIONAL TREATMENT BY SOVIETS IN MATTERS OF OFFICES, APARTMENTS, ETC., AND CONNOR HAS NO COMPLAINTS. CONNOR NOTED TWO POINTS WHICH HE BELIEVED U.S. SIDE SHOULD RAISE: A) CUSTOMS; AND B) AVAILABILITY OF ECONOMIC INFORMATION. ON LATTER POINT, CONNOR NOTED THAT COUNCIL, THROUGH ITS SOVIET EMPLOYEES, HAS DIFFICULTY IN OBTAINING EVEN MOST INNOCENT TYPE OF ECONOMIC INFORMATION. (COMMENT: EMBASSY ASSUMES THAT US. SIDE WILL MAKE PRESENTATION ON ECONOMIC INFORMATION ISSUE REFLECTING RESULTS OF FEBRUARY MEETING. END COMMENT)

8. AMERICAN EXPRESS (ROGER SCHMIDT) - AS GENERAL RULE, AMEXCO FEELS IT HAS BEEN ACCORDED LEAST-FAVORED-COMPANY STATUS BY SOVIETS, REFLECTING IN PART RELATIVELY LOW STATUS OF ITS SPONSORING ORGANIZATION (INTOURIST) AND LOW PRIORITY WHICH SOVIETS GAVE TO TOURISM SECTOR. LATTER MAY BE CHANGING. LIMITED OFFICIAL USE

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PAGE 04 MOSCOW 04108 01 OF 04 271411Z

AMEXCO'S BASIC SITUATION REMAINS AS REPORTED PARA 6 REF A. LONG-PROMISED IMPROVEMENT IN HOUSING FOR AMEXCO REP HAS NOT YET COME THROUGH, BUT MAY DEPEND UPON AVAILABILITY OF NEW BUILDING ON SERPUKHOVSKIY VAL. SCHMIDT MADE PARTICULAR POINT OF PROBLEMS WHICH AMEXCO HAS ENCOUNTERED WITH SOVIET CUSTOMS. HE ALSO NOTED INCREASING DIFFICULTIES WHICH U.S. (AND OTHER) BUSINESSMEN ARE ENCOUNTERING IN OBTAINING HOTEL SPACE IN MOSCOW AND ADVISED THAT AMEXCO IS WORKING ON PARTIAL SOLUTION WITH INTOURIST (SEE SEPTTEL).

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PAGE 01 MOSCOW 04108 02 OF 04 261326Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 SAJ-01 L-02 H-02

TRSE-00 EB-07 CIAE-00 INR-07 NSAE-00 OES-03 CIEP-01

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LIMITED OFFICIAL USE SECTION 2 OF 4 MOSCOW 4108

9. GENERAL ELECTRIC (VLADIMIR HVOSCHINSKY, DEPUTY REP)

A) GE REACHING END-USER MINISTRIES BUT HAS TROUBLE PASSING FOREIGN RELATIONS DEPARTMENT FILTER TO CONTACT SUBSTANTIVE OFFICIALS, ESPECIALLY OUTSIDE MOSCOW.

B) GE COMPLETING MOVE TO ATTRACTIVE PERMANENT OFFICE AT 4/17 POKROVSKIY BUL'VAR. UPDK CHARGING DOLS 250 PER MONTH FOR PREMISES, WHICH TOTAL ABOUT 250 SQUARE METERS (EXCLUDING STORAGE, KITCHEN AND BATHROOMS), APPROXIMATELY WHAT GE NEEDED. (THIS COMPARES WITH ABOUT DOLS 2000 PER MONTH IN HOTEL.) BASIC RECONFIGURATION AND PAINTING PROVIDED BY UPDK FOR ABOUT DOLS 10,000 WITH FINISHING TOUCHES THEN FURNISHED BY FINNISH CONTRACTORS. DEPREP UNHAPPY WITH QUALITY OF SOVIET SECRETARIAL HELP, BUT SAYS CHAUFFEUR/HANDYMEN ARE FIRST-CLASS. FOREIGN COMPETITORS' FACILITIES DEEMED COMPARABLE.

C) SENIOR REP RECEIVED APARTMENT IN SEPTEMBER 1974 AFTER YEAR'S WAIT (PARTLY DUE TO UPDK-GE COORDINATION PROBLEM). DEPREP STILL IN METROPOL HOTEL ALTHOUGH APARTMENT ON SERPUKHOVSKIY VAL ORIGINALLY PROMISED FOR NOVEMBER. HVOSCHINSKIY UNHAPPY WITH MISLEADING INFORMATION ON HOUSING RECEIVED FROM UPDK AND UNWILLINGNESS/INABILITY TO GIVE HIM INFORMATION ON HIS SPACE ALLOCATION SO THAT PLANS CAN BE MADE FOR RECONFIGURATION AND DECORATION.

D) SENIOR REP HAS MULTIPLE-ENTRY VISA, BUT DEPREP DOES NOT. LATTER AVOIDS DELAY BY APPLYING FOR EXIT VISA EVERY TIME

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PAGE 02 MOSCOW 04108 02 OF 04 261326Z

POSSIBILITY ARISES OF TRIP TO WEST, BUT HE WANTS MULTIPLE/ENTRY VISA TO GUARD AGAINST UNEXPECTED, ESPECIALLY SUDDEN ILLNESS.

E) DEP REP CONSIDERS SOVIETS MAKE EXCESSIVE DEMANDS FOR PERFORMANCE GUARANTEES AND PROVISIONS OF TECHNICAL INFORMATION BEFORE PAYMENT GUARANTEED.

F) IN DEPREP'S OPINION CUSTOMS DUTIES CHARGED ON FOOD AND EXPENDABLE SUPPLIES ARE EXHORBITANT, EVEN ON NECESSARY GOODS NOT PRODUCED IN USSR. ONE EXAMPLE CITED WAS SNOW TIRES, WHERE SOVIET CUSTOMS LEVIED 200 PERCENT DUTY.

10. PAN AMERICAN AIRWAYS (ANTHONY Z. DRAHORAD, DIRECTOR)

A) NO CHANGE.

B) DUE TO PANAM'S CORPORATE PROBLEMS SEVERAL VACANT CLERICAL SLOTS HAVE NOT BEEN FILLED, BUT DIRECTOR REPORTS EXCELLENT UPDK COOPERATION IN OBTAINING QUALIFIED BOOK-KEEPER. OFFICE SPACE IN METROPOL HOTEL COSTS ABOUT DOLS 80 PER DAY, BUT DIRECTOR CONSIDERS IT SUPERIOR TO COMPETITORS' DUE TO PROXIMITY OF AEROFLOT OFFICE WHICH ISSUES TICKETS.

C) SINCE PANAM HAS ONLY THREE FOREIGN EMPLOYEES IN RESIDENT IN MOSCOW, REMAINING TWO APARTMENTS SUBLET TO CITIBANK AND BANK OF AMERICA. DIRECTOR BELIEVES APARTMENTS ARE EQUAL TO THOSE OF OTHER AIRLINES.

D) NO CHANGE. REPAIR CREW VISA PROBLEM BEING PURSUED IN OTHER CHANNELS.

E) DIRECTOR BELIEVES PANAM HAS WORKED OUT INFORMAL WAYS OF OFFERING FULL RANGE OF SERVICES TO ITS CUSTOMERS AS COOPERATION WITH INTOURIST AND AEROFLOT HAS IMPROVED. HOWEVER, HE STILL WOULD LIKE FORMAL TICKET-ISSUING AUTHORITY.

F) DIRECTOR WOULD LIKE LOCAL TRAVEL PRIVILEGES EQUAL TO THOSE OF DIPLOMATS, I.E., REQUEST-FREE TRAVEL WITHIN OPEN AREAS OF MOSCOW OBLAST'.

11. PULLMAN CORP (ROBERT L. KRATTLI, VICE PRESIDENT)

A) KRATTLI, WHO MOVED UP TO TOP JOB IN FEBRUARY 1975, FEELS ACCESS PROBLEMS HAVE DIMINISHED SINCE OFFICE FOUNDED AS LOCAL STAFF'S SKILL AND SOVIETS' RECEPTIVITY INCREASED.

B) SECRETARIAL HELP JUDGED BETTER THAN AVERAGE FOR U.S. COMPANIES IN MOSCOW. KRATTLI BELIEVES SUPERIOR STAFF QUALITY DUE TO PULLMAN'S POLICY OF WRITING VERY EXACT JOB DESCRIPTIONS FOR UPDK AND REJECTING APPLICANTS AS NECESSARY, LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 04108 02 OF 04 261326Z

INCLUDING ONE AT END OF 30-DAY TRIAL PERIOD. WHEN APPLICANTS REJECTED, FIRM CAREFULLY EXPLAINED REASONS TO UPDK AND ENCOUNTERED NO UNDUE DELAYS BEFORE NEW CANDIDATES PROPOSED. KRATTLI BELIEVES PULLMAN'S OFFICE FACILITIES SUPERIOR TO THOSE OF PULLMAN'S FOREIGN COMPETITORS.

C) PULLMAN RECENTLY REQUESTED REPRESENTATIONAL-STYLE APARTMENT FOR KRATTLI. ADDITIONAL APARTMENT WILL BE REQUIRED

IN ANY CASE WITH ARRIVAL OF THIRD MAN IN JUNE.

D) KRATTLI APPLIED FOR HIS MULTIPLE-ENTRY VISA 20 DAYS AGO AND WAS TOLD IT WOULD BE ISSUED IN 60-90 DAYS.

DEPREP ALSO WOULD LIKE MULTIPLE-ENTRY, BUT MFT PROTOCOL CHIEF ADVISED FIRM NO CHANGE EXPECTED IN THIS POLICY FOR IMMEDIATE FUTURE.

E) NO PARTICULAR DIFFICULTIES.

F) KRATTLI REGRETS SOVIET INSISTENCE ON LIMITING POSSIBILITIES FOR FOREIGN TRAINING OF LOCAL SOVIET STAFF. PULLMAN HAD ASKED PERMISSION TO TAKE SOVIET STAFFERS ABROAD FOR TRAINING, BUT AUTHORITIES REJECTED POSSIBILITY EXCEPT FOR OFFICE'S SOLE MALE PROFESSIONAL. APPLICATIONS IN HIS CASE MUST BE SUBMITTED THREE MONTHS IN ADVANCE AND WILL BE CONSIDERED ON CASE-BY-CASE BASIS. OTHER: PULLMAN HAS SUCCEEDED IN OBTAINING COPY OF USSR CUSTOMS SCHEDULE AND FINDS DUTIES ACTUALLY CHARGED TO BE BOTH HIGHER AND LOWER THAN RATES LISTED IN SCHEDULE WITH AVERAGE ABOUT COMPARABLE. KRATTLI NOT UPSET BY HIGH INDIVIDUAL RATES, WHICH HE CONSIDERS INEVITABLE COST OF DOING BUSINESS HERE.

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PAGE 01 MOSCOW 04108 03 OF 04 261403Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 SAJ-01 L-02 H-02

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LIMITED OFFICIAL USE SECTION 3 OF 4 MOSCOW 4108

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12. SATRA (MICHAEL L. BRUNT, REPRESENTATIVE)

A) NO ACCESS PROBLEMS. BRUNT COMMENTED THAT FACTORIES

AND INSTITUTES OUTSIDE MOSCOW ARE MORE RECEPTIVE TO SHORT-  
NOTICE VISITS THAN THOSE IN CAPITAL.

B) SATRA NOW PAYING 80 RUBLES PER DAY FOR ROOMS IN  
METROPOL HOTEL. APPLICATION FOR PERMANENT OFFICE FILED  
IN APRIL 1974, BUT SOVIETS HAVE GIVEN NO INDICATION  
WHEN REQUEST WILL BE SATISFIED. PRESENT CONDITIONS  
ACCEPTABLE, HOWEVER, AS HOTEL HAS BEEN VERY FORTHCOMING  
IN REDECORATING ROOMS. BRUNT CONSIDERS SOVIET LOCAL STAFF  
FIRST-CLASS. ARMED WITH LETTER FROM ALKHIMOV, SATRA  
ESCAPED 200 PERCENT DUTY ON ITS SPIKED SNOW TIRES (CF GE  
ABOVE).

C) BRUNT AMONG THOSE AWAITING SPACE IN SERPUKHOVSKIY  
VAL APARTMENT HOUSE, ORIGINALLY PROMISED FOR AUGUST 1974.  
HE ANTICIPATES PROBLEM RETURNING FROM LEAVE BY CAR THIS  
SUMMER, FOR SOVIET OFFICIALDOM HAS JUST DISCOVERED THAT  
1954 IMMIGRATION LAW DOES NOT EXTEND TO BUSINESSMEN THE  
RIGHT ACCORDED DIPLOMATS AND JOURNALISTS TO ENTER BY PRIVATE  
VEHICLE. TWO UK LOCAL REPS HAVE REPORTEDLY BEEN HELD UP AT  
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PAGE 02 MOSCOW 04108 03 OF 04 261403Z

BORDER ON THIS ACCOUNT. (COMMENT: SOVIETS HAVE SPORADICALLY  
ENFORCED THIS RULE IN PAST. END COMMENT)

D) ASSIGNED TO MOSCOW LAST AUGUST AS DEPUTY REP, BRUNT  
WAS APPOINTED TOP MAN IN FEBRUARY. MFT PROTOCOL SECTION  
REFUSES TO RECOGNIZE PROMOTION, HOWEVER, SINCE BRUNT IS  
UK NATIONAL. SATRA ACCREDITATION AGREEMENT REPORTEDLY  
PROVIDES FOR ACCREDITATION OF TWO US CITIZENS, AND MFT  
WILLINGNESS TO IGNORE THIS STIPULATION APPARENTLY DOES NOT  
EXTEND TO OFFICE'S TOP POSITION. BRUNT HAS THEREFORE  
BEEN UNABLE TO SECURE MULTIPLE-ENTRY VISA.

E) NO PROBLEMS. UNT SAYS SOVIETS HAVE NEVER  
INSISTED ON STRICT INTERPRETATION OF LIMITED FORCE MAJEURE  
CLAUSES IN CONTRACTS.

13. INTERNATIONAL HARVESTER (BRIAN BEARDON, REPRESENTATIVE)

A) ACCESS IMPROVING AS REARDON LEARNS THE ROPES.

B) PENDING RECEIPT OF APARTMENT, REARDON COMMUTING  
FROM US AND WORKING OUT OF COMMERCIAL OFFICE AND HOTEL ROOM.  
UPDK VAGUELY PROMISES PERMANENT OFFICE AT YEAR END.

C) REARDON ORIGINALLY TOLD APARTMENT SERPUKHOVSKIY  
VAL WOULD BE READY LAST AUGUST, BUT LATEST ESTIMATE IS  
MID-APRIL. THIS WILL PROBABLY ALSO PROVE WRONG, HOWEVER,  
AS MAJOR PLUMBING AND TELEPHONE PROBLEMS REMAIN TO BE  
SOLVED. REARDON ALSO FRUSTRATED BY UPDK'S UNWILLINGNESS/  
INABILITY TO GIVE HIM DIAGRAM OF HIS SPACE SO THAT FINNISH  
ARCHITECT MAY BEGIN PLANNING RECONFIGURATION.

D) REARDON WILL REQUEST MULTIPLE-ENTRY VISA IN MID-  
APRIL, BUT APPLICATIONS FOR SINGLE-ENTRIES HAVE GONE  
SMOOTHLY.

E) NO CONTRACT PROBLEMS. IH HAS ALWAYS MET DELIVERY

SCHEDULE, BUR CONTRACTS' FORCE MAJEURE CLAUSES RECOGNIZE STRIKES AS LEGITIMATE CAUSE FOR DELAY. (COMMENT: THIS IS A MAJOR EXCEPTION FROM STANDARD SOVIET PRACTICE. END COMMENT)

F) REARDON WOULD LIKE TO SEE INTOURIST RESERVATION SYSTEM IMPROVED SO THAT TRAVELERS WOULD KNOW THEIR HOTEL BEFORE ARRIVAL.

14. HONEYWELL, INC. (GARY M. LEBR). OFFICIAL ACCREDITATION GRANTED BY MFT NOVEMBER 25, 1974; LEBR HAS BEEN COMMUTING BETWEEN MOSCOW AND HELSINKI SINCE THEN. LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 04108 03 OF 04 261403Z

A) NO SPECIAL PROBLEMS.

B) MFR HAS PROMISED HONEYWELL PERMANENT OFFICE BY END 1975, BUT IN MEANTIME LEBR DOES NOT EVEN HAVE TEMPORARY OFFICE IN HOTEL. MOSCOW CITY COUNCIL HAS REPORTEDLY APPROVED HOTEL OFFICE IN PRINCIPLE, BUT DESPITE MFT INDICATIONS THAT SUITE MIGHT BE AVAILABLE BY END-APRIL, INTOURIST, WHICH NOTORIOUSLY SLOW AND INDEPENDENT IN SUCH MATTERS, HAS YET TO PROVIDE ACTUAL SPACE. LEHR INTENDS TO ASK FOR 200 SQUARE METERS OF PERMANENT OFFICE SPACE; HAS RECEIVED HINTS THAT HONEYWELL MAY BE LOCATED OFF ULITSA GORKOVO ACROSS FROM STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY. REQUEST TO UPDK FOR DRIVER QUICKLY FILLED; NO REQUESTS MADE YET FOR SECRETARIAL HELP.

C) LATEST UPDK PROMISE FOR APARTMENT IS END-MARCH, BUT THIS TARGET DATE CERTAIN TO SUFFER SAME FATE AS PREVIOUS ONES. LEHR HAS BEEN INFORMED, UNOFFICIALLY THAT APARTMENT WILL BE IN NEW HIGH-RISE ON SERPUKHOVSKIY VAL. RENOVATION, ONCE HE GETS LEASE AND KEY FROM UPDK, WILL REQUIRE AT LEAST FOUR MONTHS.

D) LEHR HAS MULTIPLE ENTRY VISA. DELAYS IN VISA ISSUANCE TO HONEYWELL REPS VISITING MOSCOW HAVE CAUSED FIRM MAJOR PROBLEMS.

E) NO UNUSUAL DIFFICULTIES.

F) NOT AT THIS TIME.

15. ENGELHARD MINERALS & CHEMICALS (HENK VAN DER MEULEN)

A) NO PROBLEM: FTO, ARE MAIN CONTACT POINT FOR ENGELHARD IN ANY CASE.

B) VAN DER MEULEN HAS BEEN WORKING OUT OF TEMPORARY OFFICE/APARTMENT IN THE HOTEL ROSSIYA FOR OVER ONE YEAR. EXPECTS TO MOVE INTO PERMANENT OFFICE AT POKROVSKIY BUL'VAR 4/17 ONLY IN AUGUST, ALTHOUGH HE HAS BEEN PAYING RENT SINCE FEBRUARY 1. OBTAINING COMPETENT SECRETARIAL HELP FROM UPDK BIG PROBLEM; THEY HAVE SENT PEOPLE WITHOUT ANY QUALIFICATIONS.

C) VAN DER MEULEN, WHOSE FAMILY HAS STAYED BEHIND IN



THE NETHERLANDS BECAUSE OF APARTMENT PROBLEM, NOT SURPRISINGLY  
CONSIDERS THIS THE MAJOR ISSUE TO BE RAISED. SOVIETS SHOULD  
BE PREPARED TO PROVIDE APARTMENTS AS SOON AS ACCREDITATION  
GRANTED, HE FEELS. SINCE LAST FULLY UPDK HAS BEEN PROMISING  
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PAGE 04 MOSCOW 04108 03 OF 04 261403Z

SUCH SPACE; LATEST WORD, SOON TO BE BROKEN, IS END-MARCH.  
VAN DER MEULEN EXPECTS TO BE LOCATED AT SERPUKHOVSKIY VAL.

D) VAN DER MEULEN DOES NOT HAVE MULTIPLE-ENTRY VISA;  
ALTHOUGH ENGELHARD ASSIGNED HIM TO MOSCOW AS CHIEF REP,  
MFT TOLD FIRM PRINCIPAL REP HAD TO BE US CITIZEN, AND THUS  
VAN DER MEULEN, AS NUMBER TWO REP, NOT ENTITLED TO  
MULTIPLE-ENTRY. ENGELAND HAS ASKED SOVIETS TO RECONSIDER  
THEIR POSITION ON NATIONALITY OF PRINCIPAL REP (SEE SATRA  
FOR DISCUSSION THIS ISSUE). ENGELHARD HAS ALSO SUFFERED  
FROM DELAYS IN VISA ISSUANCE TO VISITING REPS; COMPOUNDED  
WITH PROBLEM OF HOTEL SPACE, THIS OFTEN MEANS POSTPONING  
NEGOTIATIONS FOR MONTHS DESPITE FACT THAT SOVIET FTO  
READY TO TALK. VAN DER MEULEN BELIEVES THAT RESIDENT  
OFFICES SHOULD RECEIVE PREFERENTIAL TREATMENT REGARDING  
HOTEL SPACE AND VISA SUPPORT FOR THEIR REPS.

E) NO PROBLEM.

F) ARBITRARINESS OF SOVIET CUSTOMS PROCEDURES CON-  
TINUES TO CREATE PROBLEMS. ALSO, UNCERTAINTY OF WHAT  
IS LEGAL AND WHAT IS NOT IN HIRING, PAYING UPDK EMPLOYEES  
MAKES BUSINESS UNNECESSARILY DIFFICULT.

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PAGE 01 MOSCOW 04108 04 OF 04 261501Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 SAJ-01 L-02 H-02

TRSE-00 EB-07 CIAE-00 INR-07 NSAE-00 OES-03 CIEP-01

SCA-01 CPR-01 PPT-01 VO-03 /064 W

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LIMITED OFFICIAL USE SECTION 4 OF 4 MOSCOW 4108

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16. IBM (BREWSTER MERRILL AND ROBERT PINKERTON) - MERRILL BECAME SENIOR REP MARCH 1; PINKERTON DEPARTS MOSCOW IN JUNE, AND NO REPLACEMENT YET NAMED.

A) DESPITE OCCASIONAL DIFFICULTIES, GETTING APPOINTMENTS WITH IBM CUSTOMERS NOT MAJOR PROBLEM.

B) IBM MOVED FROM TOTALLY INADEQUATE TEMPORARY OFFICE AT INTOURIST HOTEL TO A MUCH-IMPROVED TEMPORARY OFFICE AT NATIONAL HOTEL IN JULY 74, BUT THE TWO ROOMS ARE STILL TOO SMALL. DESPITE EARLIER PROMISES FROM UPDK THAT A CONFERENCE ROOM WOULD BE PROVIDED AT THE NATIONAL, INTOURIST HAS NOW ADVISED THAT THIS NOT POSSIBLE. PERMANENT OFFICE SPACE HAS BEEN PROMISED BY MARCH 31, 1975, BUT NONE IS IN SIGHT FOR 1975 ACCORDING TO PINKERTON. (COMMENT: SOVIETS HAVE IMPLIED THAT OFFICE WILL BE MADE AVAILABLE WHEN EXPORT LICENSES FOR IBM SYSTEMS SOLD FOR KAMAZ OR INTOURIST ARE APPROVED. (END COMMENT)  
RUSSIAN STAFF OF TEN IS VERY GOOD, BUT TOOK LONG TIME TO GET FROM UPDK. FOUR-MONTH WAIT FOR TELEX AT NATIONAL ALSO CREATED PROBLEMS.

C) IN MAY 1974 UPDK ADVISED IBM THAT APARTMENT WOULD LIMITED OFFICIAL USE

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PAGE 02 MOSCOW 04108 04 OF 04 261501Z

BE PROVIDED BY JULY 1974, AND PROMISES -- ALL UNFULFILLED-- HAVE CONTINUED SINCE THEN; LATEST IS FOR END-MARCH, BUT PINKERTON HAS NOT SEEN ANYTHING AND DOUBTS HE WILL HAVE APARTMENT BEFORE HIS DEPARTURE IN JUNE.

D) MERRILL HAS MULTIPLE-ENTRY VISA; PINKERTON, WHO ARRIVED HERE JULY 1974, HAS SINGLE-ENTRY. MAJOR PROBLEM IN THIS AREA HAS BEEN SOVIET INABILITY TO MOVE QUICKLY ON VISAS FOR IBM PERSONNEL COMING TO MOSCOW FOR NEGOTIATIONS AND SEMINARS; TWO WEEKS USUALLY NEEDED ON APPLICATIONS.

E) NOTHING OF NOTE.)

\*) ARBITRARY AND TIME-CONSUMING CUSTOMS PRACTICES CONTINUE TO PLAGUE IBM'S MOSCOW OPERATION.

17. OCCIDENTIAL (DENEDICT M. LISSIM AND DAN GARINE)

A) NO MAJOR PROBLEMS.

B) OCCIDENTAL, WHICH CURRENTLY HAS FOUR ROOMS IN NATIONAL HOTEL, EXPECTS TO MOVE INTO PERMANENT OFFICE SPACE AT TRYOKHPRUDNY PEREULOK END-APRIL. OXY HOPES TO RECEIVE PERMISSION TO MAINTAIN ONE-ROOM OFFICE AT THE ANTIONAL EVEN AFTER THE MOVE TO TRYOKHPRUDNY SO THAT HAMMER CAN WORK THERE WHEN HE WISHES. OXY IS VERY PLEASED WITH ITS SOVIET STAFF OF THREE SECRETARIES PLUS M.I. BRUK, HOW HANDLED HAMMER'S PUBLIC RELATIONS AND HIGH-LEVEL CONTACTS, AND SERVES AS TROUBLE-SHOOTER.

C) LISSIM, WHO DOES NOT LIEVE YEAR-ROUND IN MOSCOW, STAYS AT NATIONAL WHEN IN TOWN; GARINE HAS JUST OBTAINED APARTMENT (KALANCKEVSKAYA ULITSA #33) AND WILL BE MOVING FORM HOTEL THIS MONTH. IN ADDITION, SOVIETS HAVE PROVIDE HAMMER DOWNTOWN APARTMENT (ACROSS FROM TH TRETYAKOV GALLERY) WHICH IS CURRENTLY BEING RENOVATED. (COMMENT: DESPITE OXY REP'S PROTESTATIONS THAT HAMMER'S CONNECTIONS DO NOT MEAN THAT OXY RECEIVES PREFERENTIAL TREATMENT AMONGST RESIDENT OFFICES, HAMMER APARTMENT--WHICH WILL BE USED DURING HIS OCCASIONAL STAY, WHILE RESIDENT REPS HAVE NOT YET GOTTEN FLATS--IS EXAMPLE OF SPECIAL SOVIET ATTITUDE TOWARD OXY. END COMMENT)

D) LISSIM AND HAMMER HAVE MULTIPLE-ENTRY VISAS, WHILE GARINE HAS SINGLE-ENTRY. (REPRESENTATIVE OF OXY METAL-FINISHING ASLO HAS MULTIPLE: ANOTHER EXAMPLE OF FAVORABLE LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 04108 04 OF 04 261501Z

TREATMENT.)

E) NOTHING SPECIAL.

F) HAMMER WILL BE IN MOSCOW PRIOR TO JOINT COMMISSION MEETING AND MAY HAVE COMMENTS TO OFFER.

18. HEWLETT-PACKARD (ROBERT R. CREAGER). ALTHOUGH ACCREDI-TATION GRANTED AUGUST 1973, CREAGER TOOK UP RESIDENCE ONLY LATE-1974.

A) H-P HAS NO PROBLEM DEALING WITH END-USERS.

B) ALTHOUGH CREAGER JUST RECEIVED KEY TO H-P OFFICES AT POKROSKIY BUL'VAR 4/17, AND HAS BEEN PAYING RENT SINCE MARCH ONE, HE DOES NOT EXPECT TO BE ABLE TO MOVE IN UNTIL AROUND SEPTEMBER ONE. IN THE MEANTIME HE WILL CONTINUE TO WORK OUT OF HIS ROOM IN BUDAPEST HOTEL.

C) REQUEST FOR APARTMENT WENT TO UPDK NOVEMBER 1973; LATEST ASSURANCE IS FOR APRIL 1975, BUT HE IS (UNDERSTANDABLY) DUBIOUS.

D) ALTHOUGH CREAGER HAS MULTIPLE-ENTRY VISA, H-P HAS HAD CONSIDERABLE DIFFICULTY IN BRINGING REPS IN TO MOSCOW ON SCHEDULE BECAUSE OF DELAYS IN VISA SUPPORT BY SOVIET FTOS.

E) NO UNUSUAL DIFFICULTIES.

F) NONE

19. DUPONT (PETER J. MESHKOFF) - ACCREDITATION ANNOUNCED  
OCTOBER 31, 1974, ALTHOUGH OFFICIAL MFT CERTIFICATE  
GIVES EFFECTIVE DATE NOVEMBER 28, 1974.

A) NO UNUSUAL PROBLEMS.

B) MESHKOFF AHS EVEN HAD DIFFICULTY OBTAINING TEMPORARY  
OFFICE SPACE; ALTHOUGH GENERAL ELECTRIC OFFERED HIM OFFICE  
THEY HAVE VACATED IN HOTEL METROPOL, AND MFT HAS GIVEN  
APPROVAL FOR THIS SWITCH, USUAL DIFFICULTIES HAVE ARISEN  
IN TRYING TO GET HOTEL'S APPROVAL (DESPITE FACT THAT  
DUPONT HAS BEEN PAYING FOR ROOM SINCE MID-FEBRUARY).  
MESHKOFF SENT LETTER TO UPDK IN JANUARY REQUESTING OFFICE  
HELP (SECRETARY, DRIVER, OFFICE-MANAGER), BUT HAS NOT YET  
RECEIVED RESPONSE. NO INDICATION AS YET ABOUT PERMANENT  
OFFICE.

D) MESHKOFF REFUSES TO RESIDE FULL-TIME IN HOTEL, AND  
THUS WILL COMMUTE FROM VIENNA UNTIL APARTMENT READY;  
DESPITE WORD FROM UPDK OF MID-AVAILABILITY, HE EXPECTS  
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PAGE 04 MOSCOW 04108 04 OF 04 261501Z

IT WILL BE EVEN LATER. (HE WILL PUSH HARD ON PERMANENT  
OFFICE ONLY AFTER APARTMENT READY.)

D) MULTIPLE-ENTRY VISA ISSUED.

E) NOTHING TO NOTE.

F) SINCE MESHKOFF WILL BE COMMUTING REGULARLY, HE IS  
PARTICULARLY BOTHERED BY HOTEL RESERVATION SYSTEM UNDER  
WHICH HE CANNOT RESERVE ROOM FOR HIS SUBSEQUENT VISIT DURING  
CURRENT STAY, I.E., HE MUST LEAVE SOVIET UNION TO MAKE  
REQUEST. HE FEELS ACCREDITED REPS SHOULD BE ABLE TO  
ARRANGE THEIR FUTURE TRIPS LOCALLY, PARTICULARLY SINCE  
NEED TOCOMMUTE IS RESULT OF SOVIET INABILITY TO PROVIDE  
QUARTERS/OFFICE.  
STOESSEL

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## Message Attributes

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